

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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March 9, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**CONTRACT EXTENSION/REDUCTION TO EXTEND THE STATEWIDE
FINGERPRINT IMAGING SYSTEM AGREEMENT WITH REAL TIME STAFFING
SERVICES INC., DBA SELECT STAFFING
(ALL DISTRICTS – 3 VOTES)**

SUBJECT

The contract for Statewide Fingerprint Imaging System (SFIS) services provided by Select Staffing will expire on March 31, 2010. The contractor operates the SFIS fingerprint imaging workstations located in 32 Department of Public Social Services (DPSS) district offices, with one clerk assigned to the Men's Central Jail. The two-year extension of this contract would ensure the continuation of services provided at a reduced cost.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of the DPSS to execute an amendment (substantially similar to the attached amendment) to the SFIS contract with Select Staffing effective April 1, 2010. Amendment Number One to Contract Number 76060 with Select Staffing will extend the term of the contract for two years. The current contract term is April 1, 2007 through March 31, 2010. The Maximum Agreement Amount for the two-year period is estimated at \$2,869,924 and represents a 5 percent contract cost savings resulting from negotiations with Select Staffing in exchange for the two-year contract extension. The SFIS services are funded by CalWORKs Single Allocation and Food Stamp Allocation. The share of cost associated with General Relief results in an estimated two-year net County cost (NCC) of \$115,000, of which, \$15,000 is for Fiscal Year (FY) 2009-10. Funding for this program is included in the Department's FY 2009-10 Final Adopted Budget. Funding for future years will be included in the Department's budget requests.

"To Enrich Lives Through Effective And Caring Service"

- 2) Delegate authority to the Director of DPSS to accept the contract cost reduction discount of 5 percent for the months of January, February and March 2010 of the current contract totaling \$17,653.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will enable the Department to continue providing fingerprint imaging services without a competitive bid solicitation based on the Board's Contract Extension/Reduction motion of June 16, 2009.

This Contract Extension/Reduction Initiative requested the voluntary participation of County contractors to offer a contract cost reduction in exchange for up to two years of contract extensions beyond their current contract expiration date.

In response to the request for voluntary cost reduction participation, Select Staffing submitted a proposal reducing their current regular rate by 5 percent and an additional proposed incentive plan that ranges from 0.5 percent to 1.5 percent off any invoice payment received as follows:

- 0.5 percent if payment is received within 30 calendar days or
- 1.0 percent if payment is received within 20 calendar days or
- 1.5 percent if payment is received within 10 calendars days

Because this contract was a result of a formally advertised contract solicitation, the California Department of Social Services (CDSS) approval was required to extend the contract beyond the initial three-year term ending March 31, 2010. DPSS made this request to CDSS in July 2009 and received approval in November 2009 to extend the current SFIS contract for an additional two years pursuant to the Manual of Policies and Procedures (MPP) 23-650.1.17, Innovative Methods, and/or MPP 23-650.1.18, Unique Circumstances.

On February 10, 2010, DPSS notified Select Staffing that the Chief Executive Office (CEO) directed County departments regarding their current contract extension/cost reduction efforts that any future amendments submitted for the Board's approval must reflect contract cost reductions effective October 31, 2009 or earlier.

Select Staffing informed DPSS that because they had already closed their financial books for 2009, they were unable to retroactively implement the contract cost reduction to October 31, 2009. However, Select Staffing committed to the following compromise offer:

- Beginning with the month of January 2010, Select Staffing will credit DPSS a 5 percent discount (\$5,530 in savings) to be refunded to DPSS by deducting \$500 per month from their invoice until the amount of \$5,530 is paid in full.
- Effective February 1, 2010, the proposed reduction in regular pay rate and overtime rate shall commence.

This new proposal will save DPSS a projected additional savings of approximately \$12,122 for February 1, 2010 through March 31, 2010, not including the savings on overtime charges and expedited invoice payment incentive.

- Effective February 1, 2010, execute the proposed incentive plan for expedited invoice payments as illustrated above.

The SFIS has proven to be an effective tool in fighting fraud in the County's CalWORKs, General Relief (GR) and Food Stamp cases. Without approval of the recommended action, SFIS services will no longer be available until the completion of a competitive bid solicitation.

Implementation of Strategic Plan Goals

The recommended contract extension and reduction is consistent with the principles of the Countywide Strategic Plan, Goal 1: Operational Effectiveness: Maximize the effectiveness of the County's processes, structure, and operations to support timely delivery of customer-oriented and efficient public services; Strategy 1: Fiscal Sustainability: Promote sound, prudent, and transparent short and long-range fiscal policies and practices that help ensure maintenance of critical, high priority County public services despite cyclical economic conditions.

FISCAL IMPACT/FINANCING

The contractor will be paid a firm-fixed hourly rate of \$15.52 and an overtime rate of \$20.95 for providing terminal operator services during the two-year period with no cost-of-living increase. The Proposition A cost analysis for the SFIS contract resulted in an estimated cost savings of \$1,770,630 compared to the work being performed by County employees. Contracted service remains cost effective for the County.

With the 5 percent reduction, the Maximum Agreement Amount for the two-year period will be approximately \$2,869,924. The annual contract amount will represent a reduction from \$1,510,486 to \$1,434,962, with annual savings of approximately \$75,524. The Contractor proposed an additional incentive plan for expediting payment of invoices, which would increase cost saving of up to \$21,524 annually. Therefore, the potential total contract cost savings is \$97,048 annually.

Funding for the SFIS services of CalWORKs and Food Stamp program cases is from CalWORKs Single Allocation and Food Stamp Allocation. There is no NCC impact after the required Maintenance of Efforts (MOE) related to these programs is met by the County. The MOE is the County's matching fund obligation for the CalWORKs Single Allocation funding. The cost associated with GR program cases will result in an estimated two-year NCC of \$115,000, of which \$15,000 will be in FY 2009-10. The estimated two-year NCC contract cost savings is \$7,764.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The SFIS contract was executed in April 2007 and has served approximately 562,097 GR participants, 401,866 CalWORKs participants, and 1,307,000 Food Stamp participants through November 30, 2009. The SFIS has proved to be an effective tool in fighting fraud in the County's CalWORKs, GR, and Food Stamp cases.

The Contractor, Select Staffing, will recruit and provide, throughout the contract term, skilled clerical staff to be trained as terminal operators to fingerprint applicants of the GR, CalWORKs and Food Stamp programs. Approximately 44 operators will be assigned to 32 DPSS offices located throughout the County. The Contractor will ensure back-up staff is trained and available in order to replace staff promptly should absences occur.

The award of this contract will not result in unauthorized disclosure of confidential information and will be in full compliance with federal, State and County regulations.

The Contractor will not be asked to perform services which will exceed the contract rates, scope of work, and contract term.

The contract extension is in compliance with all Board and CEO requirements and has been approved as to form by County Counsel.

CONTRACTING PROCESS

SFIS services were solicited through a competitive process in accordance with Los Angeles Code section 2.121 and California Department of Social Services regulations on Purchase of Services, Chapter 23-600.

On June 16, 2009, the Board of Supervisor motioned and directed the CEO to work with management of the Internal Services Department, County Counsel, the Auditor-Controller and other departments to develop the parameters on a contract cost savings initiative and to authorize any contract extensions under this initiative to be implemented as sole source contracts. The CEO provided all departments a letter format to be sent to departmental contractors requesting that contractors reduce their rates beginning in FY 2009-10.

Select Staffing submitted an initial offer to the CEO which resulted in a 2 percent reduction in cost for the two-year extension. This initial offer was not accepted. Select Staffing submitted a subsequent proposal, which resulted in a 5 percent contract cost reduction, with an additional 1.5 percent reduction in cost for expedited payments. This proposal was accepted.

In July 2009, DPSS requested CDSS approval to extend the existing contract with Select Staffing in exchange for a contract cost reduction. DPSS received CDSS approval in November 2009.

On February 1, 2010, the cost analysis was sent to the Auditor-Controller (A-C) for review. The A-C indicated their prior study of the cost analysis determined the contract remains cost effective and no additional cost analysis was required for this contract extension. As there is no change in service level, the cost reduction further increases cost savings under this contract.

Pursuant to the CEO directive that future amendments submitted for the Board's approval must reflect contract cost reductions effective October 31, 2009 or earlier, the Department renegotiated the contract cost reduction offer. Select Staffing could not agree with the retroactive extension as their 2009 financial books were closed and sent to their auditors. Instead, they committed to cost reductions retroactive to January 2010.

CONTRACTOR PERFORMANCE

Select Staffing's overall performance was satisfactory. Select Staffing's performance is monitored through an evaluation of their Monthly Management Reports, monthly living wage payroll reports, and weekly timesheets. In July 2009, the contract was reviewed for the period of April 1, 2008 through March 31, 2009 for administrative and living wage compliance. The contractor was found to be in compliance.

IMPACT ON CURRENT SERVICES

The award of this contract will not infringe on the role of the County in its relationship to its residents, and the County's ability to respond to emergencies will not be impaired. There is no change in risk exposure to the County. The contract will not result in reduced services.

CONCLUSION

Upon Board approval, the Executive Office, Board of Supervisors, is requested to return one adopted stamped Board letter to DPSS.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Philip L. Browning (S)".

Philip L. Browning
Director

PLB:vn

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors